

# The Honolulu Advertiser

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## 'Smoky' Rewald case going to jurors

Was spending fraud, or for CIA cover?

By Walter Wright  
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Jurors in the Ronald Rewald fraud trial will start deliberating today whether there is any fire behind Rewald's smoky tale of CIA control of his investment firm, Bishop Baldwin Rewald Dillingham & Wong.

"Where there's smoke, there's fire," Rewald attorney Brian Tamanaha said yesterday in a closing argument. Contradictions and coincidences in documents from "the greatest intelligence agency in the world" can't be explained away "by poor, bumbling, I'm-a-victim CIA agents," Tamanaha said.

Prosecutor Theodore Greenberg shot back: "There's no fire. There's a smoke machine over there" at the defense table "and it's pouring out smoke" intended, like the lies told to investors, "to get people to have confidence by fuzzing up the edges."

Rewald admits taking money under false pretenses, but contends he did so at CIA instruction to maintain his "cover."

Tamanaha called the prosecution case one of "desperation" in which an old woman in a wheelchair, a blind man and a dying cancer patient were paraded before the jury, then followed by women Rewald paid for sex, all in an effort to get the jury to "hate Mr. Rewald."

The jury, Tamanaha said, was not there "to judge if Mr. Rewald is good or bad. That judgment will come but not in this world."

Greenberg countered that it was not pleasant "to have brought those women before you. It was not intended to embarrass them or to offend your sensibilities, but it had to be done."

For while Rewald contended that his spending on a lavish lifestyle was supposed to enhance his CIA cover so he could mingle with other wealthy men, \$287,000 of the money was spent "on these secret, clandestine meetings with women" in a downtown Honolulu apartment, Greenberg said.

In fact, Greenberg said, "you can convict him . . . just on his spending the money on the women. Did he tell the investors he was taking their money and supporting 15 different women?"

Assistant U.S. Attorney John Peyton argued that 97 of the 98 fraud, tax-evasion and perjury counts against Rewald charged him with lying in one way or another to investors, the Securities and Exchange Commission, the IRS, the FDIC, and in federal court proceedings.

When he lied to 400 investors, Peyton said, Rewald got more than \$20 million from them and pocketed \$5.5 million

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# *Jury starts deliberating on Rewald case today*

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for his own use.

Although the prosecution insisted several times that "the CIA is not on trial here," they were pressed to respond to the defense insistence that the CIA's own documents suggest Bishop Baldwin was tailor-made by the CIA as a cover operation.

Peyton said the CIA "became Rewald's victim as well" because of three major "errors in judgment":

- A glowing endorsement to headquarters showed Honolulu office chief Jack Kindschi went for Rewald "hook, line and sinker."

- The Office of Security waived a background investigation of Rewald so he would keep providing light commercial cover.

- Central Cover staff sent Rewald three cover stories to deflect IRS questions about cover companies.

Tamanaha said the case boiled down to CIA records which he suggested were doctored or post-dated as part of a continuing coverup of the real relationship between Rewald and the CIA. "The government and the CIA want to wash their hands of this whole dirty affair."

If the CIA had known in early 1983, as it claims, that Rewald was a fake, why didn't they tell someone before more investors poured another \$7 million into Bishop Baldwin, Tamanaha asked.

Tamanaha and Greenberg disagreed over a series of cables describing potential covers for a CIA officer. Tamanaha said they showed the CIA laying out a "legend" for the Bishop Baldwin cover.

Greenberg said Rewald had set up Bishop Baldwin with its phony names and begun bilking investors long before the cables were sent. He'd displayed a phony Marquette degree long before meeting a CIA man who supposedly supplied it, Greenberg said.

And Rewald, far from counting on the CIA to pay his bills, agreed he'd take money only for necessary office and administrative expenses and billed the CIA for only about \$3,000, Greenberg said.

"The CIA turned out to be the biggest patsy in this case," he said. "If the CIA hadn't been stupid enough, gullible enough, to let Rewald provide commercial cover, what would the defense have to talk about? Nothing. Take away the CIA, and there's nothing."

"He'd have you believe that (the CIA said) we need Ronald Rewald, this bankrupt petty criminal, to go to Hawaii and take money from the old and the rich and the young and the poor, so Ronald Rewald can play polo with Enrique Zobel," a millionaire from the Philippines.

"If the CIA wanted that kind of person, with wealthy contacts, it had a lot of them," Greenberg said. "To have someone appear to be a wealthy businessman, they (the CIA) call up a friendly bank and say, 'have a balance sheet (for this man) that says \$5 million.' They didn't need that in Hawaii, they didn't want that."

Rewald, Greenberg said, "wrapped himself in the American flag and the CIA not out of patriotic motives but out of greed. And when he got caught, he spit on the flag" by lying about his relationship with the CIA. Greenberg said.